

**STATEMENT OF THE HONORABLE DR. JOSEPH W. WESTPHAL
ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)
BEFORE THE SUBCOMMITTEE ON WATER RESOURCES AND THE ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES
ON THE FISCAL YEAR 2001 CIVIL WORKS BUDGET AND AGENCY PRIORITIES**

Mr. Chairman and Members of the Subcommittee:

Introduction

Good afternoon. Thank you for the opportunity to speak to you today on the fiscal year (FY) 2001 Budget and priorities for the Army Civil Works program. I am pleased to come before you again and say that the President's FY 2001 Budget funds a strong program for Civil Works. The request is consistent with the funding levels enacted by the Congress in recent years and is consistent with the President's overall domestic priorities, his commitment to a balanced budget, and his goal of protecting Social Security and meeting the challenges of the 21st century.

The President's Budget for the Army Civil Works for FY 2001 includes nearly \$4.1 billion for the discretionary program, comparable to the amount appropriated for the Civil Works program in FY 2000, and \$160 million above last year's budget proposal.

I must emphasize that the Administration appreciates the important commitments made by our non-Federal sponsors. The commitment to cost share Army Civil Works projects demonstrates the value of the Civil Works program to our local sponsors. With the non-Federal contributions & other funding, the total funding for the Army Civil Works program in the FY 2001 Budget is nearly \$4.5 billion.

Harbor Services User Fee

Like last year, a significant portion of the Civil Works budget is based on enactment of the Harbor Services User Fee proposed legislation that was transmitted to Congress and introduced by the Chairman of the Transportation and Infrastructure Committee, Representative Bud Shuster last year. This new user fee would replace the Harbor Maintenance Tax (HMT), a portion of which was found unconstitutional, and would collect about the same total amount of revenue as would have been collected under the HMT prior to the Supreme Court's decision.

The new user fees would make up \$950 million of the FY 2001 Budget (\$700 million for maintenance and \$250 million for construction) and would enable commercial harbor and channel work to proceed on optimal schedules.

New Initiatives and Water Resources Investments

I am very pleased to announce two new Army Civil Works initiatives in the FY 2001 Budget: watershed/river basin planning and recreation modernization.

Watershed/River Basin Planning

It has been nearly 20 years since the last major effort was initiated to understand and assess the complex relationships among various water resources problems and opportunities. On a river-basin wide basis, the Federal Government needs a comprehensive approach to water resources to work effectively with States, counties, Tribes, and river basin authorities in assessing today's competing water uses.

The Army's Civil Works FY 2001 Budget commits \$2 million to initiate four broad river basin studies. These studies, which the Corps will coordinate with other federal agencies and regional stakeholders, will adopt a holistic approach and include multi-jurisdictional and trans-national considerations in resolving water resources issues. Two of these, the Rio Grande River Basin and the White River Basin in Arkansas, would proceed under the authority of section 729 of the Water Resources Development Act (WRDA) of 1986. The other two, the Yellowstone River Basin, Montana, and the Missouri and Middle Mississippi River Basins, would proceed under specific authorizations.

Recreation Modernization

The Corps of Engineers is responsible for 4,340 recreation areas at 456 lakes in 42 states. These recreation areas host 377 million visitors annually.

I am very pleased that \$27 million is included in the Civil Works FY 2001 Budget to initiate the Recreation Modernization Program, which will replace or rehabilitate facilities at some of the 2,389 recreation areas that the Corps of Engineers manages directly. Most of the facilities at Corps managed recreation areas were constructed in the 1960s and 1970s. The combination of heavy use, lack of routine maintenance, and changes in visitor needs has caused significant deterioration of recreation facilities and the natural resource base at some of our lakes.

The \$27 million in the FY 2001 Budget is to initiate implementation of this program. We hope to modernize about one half of the Corps managed recreation areas over the next 5 to 10 years. These improvements include upgrading facilities, installing more family oriented facilities, and improving general access to water-related recreation opportunities.

Challenge 21

The FY 2001 Budget includes \$20 million to initiate the Challenge 21 – Riverine Ecosystem Restoration and Flood Hazard Mitigation Program authorized in WRDA 1999. This initiative expands the use of nonstructural flood hazard mitigation options and restoration of riverine ecosystems to allow natural moderation of floods and provide other benefits to communities and the environment. Challenge 21 will create partnerships with communities and create a framework for more effective coordination with key agencies to develop comprehensive flood damage reduction solutions, while restoring natural values of

flood plains and wetlands.

New Water Resources Investments

The FY 2001 Budget for the Army Civil Works includes \$82 million for new investments with a total cost of \$1.6 billion. Of that, \$410 million will be financed directly by non-Federal sponsors (including lands, easements, rights-of-way, and relocations). The Federal share is \$1.2 billion.

In addition to the four comprehensive studies and two new programs that I noted earlier, the FY 2001 Budget includes four new surveys, one special study, one new PED start, and 12 new construction starts. The new construction starts include:

- 2 environmental restoration projects;
- 2 commercial navigation projects;
- 4 flood damage reduction projects;
- 1 shore protection of critical environmental resources;
- 2 major rehabilitations, and
- 1 deficiency correction.

Construction Program

The FY 2001 Budget for the Army Civil Works Construction General program is \$1.35 billion. Of that, \$250 million would be derived from the Harbor Services Fund, and would be used to construct port related projects. As I noted before, under the Administration's Harbor Services User Fee, these projects would proceed at optimal rates. This will enhance the competitiveness of our nation's ports and harbors.

Operation and Maintenance

Our overall funding for the Operation and Maintenance, General, account is very strong — \$1.85 billion. This demonstrates the Administration's commitment to maintaining our existing infrastructure, much of which is aging and requires greater upkeep. Of the \$1.85 billion, \$700 million would be derived from the Harbor Services Fund. In addition to these funds, operation and maintenance of hydropower facilities in the Pacific Northwest will be directly financed by a transfer of approximately \$108 million from Bonneville Power Administration revenues, pursuant to an agreement signed three years ago.

General Investigations Account

The Budget for the Civil Works study program is \$138 million. This is comparable to last year's request and is consistent with our plan to stabilize the Civil Works budget in the future. There is a large amount of construction work waiting for funding -- more than the funds we can reasonably expect in the future. The study program feeds this pipeline of construction work. This budget keeps project study funding at a lower level, in order to reduce the backlog of potential construction projects that are beyond our capacity to budget within a reasonable time frame. Once the backlog of costly projects is worked down somewhat, then we expect to resume funding for studies at a higher level.

We believe that keeping study funding at this level is the right thing to do for our local sponsors, who expect timely construction of projects, once studies are completed and the projects are authorized.

Economy and the Environment

The Administration is committed to the traditional program of missions of improving our navigation and transportation system, protection of our local communities from floods and other disasters, and maintaining and improving hydropower facilities across the country. In addition, in recent years, the Corps' responsibilities increasingly have expanded to include the restoration of aquatic and wetland ecosystems.

Environmental programs make up about 22% of the FY 2001 Army Civil Works budget or more than \$890 million. The environmental programs of note are in the following areas. There is \$91 million for the Columbia River Fish Mitigation program in the Pacific Northwest; \$158 million for the ongoing effort in south Florida to restore, preserve and protect the Everglades; and \$468 million for other ongoing environmental protection and restoration activities and projects. This includes \$28 million to fund our ongoing environmental restoration continuing authorities programs (Section 204, the Beneficial Uses of Dredged Materials program, Section 206, the Aquatic Ecosystem Restoration program, and Section 1135 Project Modifications for Improvements of the Environment). This funding will allow us to implement projects to create and restore aquatic and wetland habitats and to modify Civil Works projects to reduce adverse impacts on the environment.

FUSRAP, the Formerly Utilized Sites Remedial Action Program, is an environmental cleanup program that was transferred by Congress from the Department of Energy to the Army Civil Works program in the FY 98 Appropriations Act. We are continuing the implementation of needed clean-up of contaminated sites. This year's budget includes \$140 million for this program. This amount will be supplemented by the approximately \$10 million that is expected in FY 2001 from a Principal Responsible Party settlement reached at one site.

Regulatory Program

The Army Civil Works Regulatory Program is funded at \$125 million to ensure that we continue to provide effective and equitable regulation of the Nation's wetlands. Through the Regulatory Program, the Army Civil Works is committed to serving the public in a fair and reasonable manner while ensuring the protection of the aquatic environment required by laws and regulations. In FY 1999, the Regulatory program authorized over 90,000 activities in writing, the most in any year, and over 90% of all actions were authorized in less than 60 days. The President's budget will ensure that this level of service is maintained. We will also continue to pursue important initiatives as part of the regulatory program. Our regional and nationwide general permits help streamline the regulatory process. We have established a full administrative appeals process that will allow the public to challenge permit decisions and jurisdiction determinations without costly, time-consuming litigation.

Under the Regulatory program, we are also active in the preparation of Special Area Management Plans ("SAMPs") to address development in environmentally sensitive areas. In particular, the Corps has been asked to chair a task force to work with the Environmental Protection Agency and Riverside County, California in the development, funding, and implementation of a SAMP for the Santa Margarita and San Jacinto watersheds.

Again this year, we are proposing to undertake a revision to the Regulatory User Fee, which has not changed since 1977.

Conclusion

In summary, the President's FY 2001 budget for the Army Civil Works program is a good one. It demonstrates a commitment to Civil Works, with a strong program of new construction, a plan to solve the constitutional problem with the existing Harbor Maintenance Tax, a firm commitment to maintain our existing infrastructure, increased use of Civil Works' environmental restoration expertise, and support for our ongoing missions.

Thank you.

COMPLETE STATEMENT
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